

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

SUPPLEMENTAL COMPLIANCE REPORT

OF

CITY OF GREENDALE

DEARBORN COUNTY, INDIANA

January 1, 2017 to December 31, 2018



FILED
04/21/2020

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Transmittal Letter	3
Clerk-Treasurer:	
Audit Result and Comment:	
Internal Controls over Financial Transactions and Reporting.....	6
Exit Conference	7
Electric Utility:	
Audit Result and Comment:	
Billing Errors	10
Exit Conference	11

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Mary Jo Lynch	01-01-16 to 12-31-23
Mayor	Alan Weiss	01-01-16 to 12-31-23
President of the Board of Public Works	Alan Weiss	01-01-17 to 12-31-23
President of the Common Council	Walt Wilson Kurt Mollaun	01-01-17 to 12-31-19 01-01-20 to 12-31-20
City Manager	Steve Lampert	01-01-17 to 12-31-20



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

TO: THE OFFICIALS OF THE CITY OF GREENDALE, DEARBORN COUNTY, INDIANA

This report is supplemental to our audit report of the City of Greendale (City), for the period from January 1, 2017 to December 31, 2018. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the City. It should be read in conjunction with our Financial Statement Audit Report of the City, which provides our opinions on the City's financial statement. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

April 6, 2020

(This page intentionally left blank.)

CLERK-TREASURER
CITY OF GREENDALE

CLERK-TREASURER
CITY OF GREENDALE
AUDIT RESULT AND COMMENT

INTERNAL CONTROL OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition and Context

There were deficiencies in the internal control system of the City related to financial transactions and reporting. There was a lack of segregation of duties, as the City had not separated incompatible activities related to receipts. The Chief Deputy Clerk-Treasurer was primarily responsible for collecting cash and checks for City payments, preparing receipts, and posting to the City's financial system without a consistent review or other oversight process. In some instances, the Clerk-Treasurer performed a comparison of the amounts receipted to the amounts deposited and initialed the deposit slip as evidence of this review; however, this process was not consistently performed.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, Uniform Internal Control Standards for Indiana Political Subdivisions. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

CLERK-TREASURER
CITY OF GREENDALE
EXIT CONFERENCE

The contents of this report were discussed on April 6, 2020, with Mary Jo Lynch, Clerk-Treasurer; Alan Weiss, Mayor; Kurt Mollaun, President of the Common Council; and Angela Walters, Chief Deputy Clerk-Treasurer.

(This page intentionally left blank.)

ELECTRIC UTILITY
CITY OF GREENDALE

ELECTRIC UTILITY
CITY OF GREENDALE
AUDIT RESULT AND COMMENT

BILLING ERRORS

Condition and Context

Commercial utility customers were overcharged by the following amounts:

<u>Customer</u>	<u>Amount Overcharged</u>
Customer A	\$ 880,638.80
Customer B	75,838.78
Customer C	40,120.19
Customer D	<u>793.91</u>
Total Error	<u>\$ 997,391.68</u>

The errors began in 2010 and were the result of an error in the computation of the customers' electric meter multiplier in the Utility's computer system. This resulted in the incorrect computation of customers' bills until 2018, when the error was discovered by the Electric Utility. Upon discovery of the error, the City contracted with the Indiana Municipal Power Agency to conduct an audit of all of their commercial accounts. The amounts overcharged were refunded to the affected customers in 2019.

Criteria

Each unit is responsible for complying with the ordinances, resolutions, and policies it adopts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 1)

ELECTRIC UTILITY
CITY OF GREENDALE
EXIT CONFERENCE

The contents of this report were discussed on April 6, 2020, with Mary Jo Lynch, Clerk-Treasurer; Alan Weiss, Mayor; Kurt Mollaun, President of the Common Council; and Angela Walters, Chief Deputy Clerk-Treasurer.